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Recycling Markets Have Strongly Recovered Since National Sword



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RECYCLING MARKETS HAVE STRONGLY RECOVERED SINCE NATIONAL SWORD

In 2018, China's National Sword policy banned the import of several recyclable materials, including mixed paper and mixed plastics. The policy also reduced the level of contamination accepted in other scrap and recyclable materials to 0.5 percent. China later banned nearly all imported scrap and recyclables, effectively closing the country to US or Canadian recovered materials. China was a major market for recyclable materials from North America and around the world, so this policy caused a significant reduction in demand and prices for these materials.

Numerous media outlets reported on the downturn in the recycling markets in 2018–2019, and the challenges curbside residential recycling programs faced in some communities. Unfortunately, very few articles have been written in 2021 about the strong recovery in commodity prices and the positive impact on local recycling programs.¹ That is good news worth sharing.

The Good News

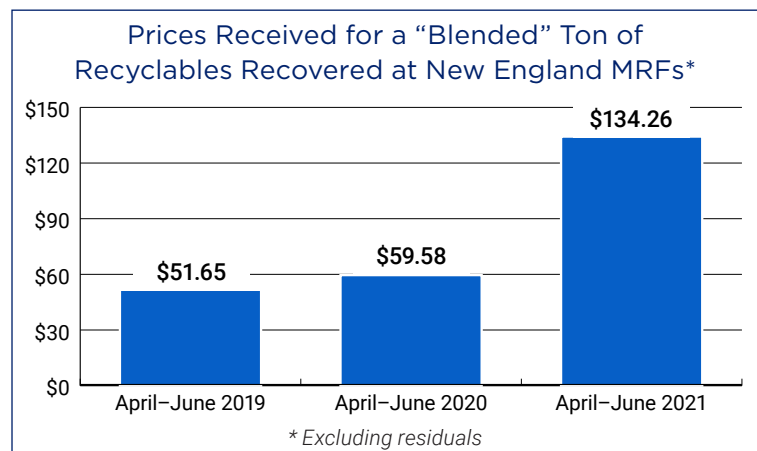
The good news is that prices and demand for recyclables from municipal curbside recycling programs have rebounded and are at—or close to—record highs in the United States and Canada.

The average, or “blended” value of a ton of recyclables recovered at MRFs in New England increased by 160 percent to \$134.26 over the past two years (April/June 2019–April/June 2021).² The value increased during the summer of 2021 as commodity prices continued to rise.

Waste Management recently announced that the “single stream recycling blended rate” was more than \$130 per ton as of September 2021. This was an increase from \$30 per ton in early 2020.³

Among the brightest stars:

- The national average price for a ton of old corrugated containers (OCC) was \$171 in September 2021, up from \$60 per ton a year ago, and from \$25 per ton in January 2020.^{4,5}



¹ “Recycling Revenues Have Roared Back for New Jersey Towns. Here’s Why,” NorthJersey.com, September 24, 2021. <https://www.northjersey.com/story/news/passaic/clifton/2021/09/24/new-jersey-recycling-revenue-increase-means-towns-recoup-more-money/5815594001/>.

² Northeast Recycling Council. Report on Blended MRF Commodity Values in the Northeast: Period Covering April 1–June 30, 2021. <https://nerc.org/news-and-updates/nerc-bulletin/september-2021?showyear=2021#mrfreport>.

³ This development was recently confirmed at a recent presentation by Waste Management at a Municipal Waste Management Association event in October 2021.

⁴ “Recycled paper prices continue uptick as plastic levels off,” Resource Recycling, September 14, 2021. <https://resource-recycling.com/recycling/2021/09/14/recycled-paper-prices-continue-uptick-as-plastic-levels-off/>.

⁵ Staub, C. “Paper mills foresee higher OCC prices this year,” Resource Recycling, June 2, 2021. <https://resource-recycling.com/recycling/2021/06/02/paper-mills-foresee-higher-occ-prices-this-year/>.

Commodity	Dollars per Ton	
	September 2020	September 2021
OCC	\$60	\$171
Mixed Paper	\$18	\$96
Natural HDPE	\$1,100	\$2,169
PET	\$130	\$511
Polypropylene	\$105	\$663
UBC (Aluminum)	\$915	\$1,550
UBC (Steel)	\$78	\$250

- Mixed paper is at \$96 per ton, compared to \$18 per ton last year, and a negative \$2 per ton in January 2020.^{4, 6, 7}
- Prices for PET have increased almost four-fold from \$130 per ton a year ago to more than \$500 per ton in September 2021.⁴
- Used beverage cans (UBC) in September 2021 were up almost 70 percent compared to September 2020.^{4, 8}

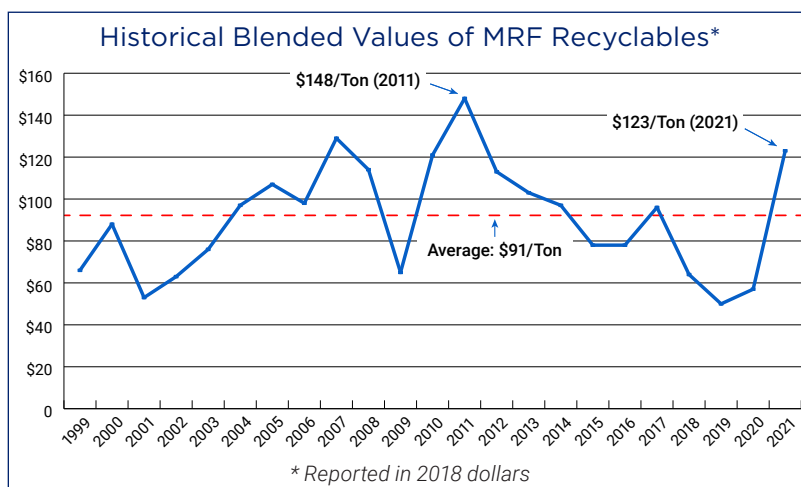
Context for Today's Prices

As shown below, the bundled price received for a ton of MRF recyclables is the second highest amount received by MRFs over the last 23 years. The average price received over that time frame was \$91 per ton.⁹ The average MRF processing cost reported for 16 MRFs located in 10 New England states was \$78 per ton for the period April–June 2021.¹⁰

Why Have Recycling Prices Gone Up?

New capacity is being added to paper mills in North America. New capacity projects have been completed at 15 mills in North America over the last three years. The majority of this new capacity is for mills producing linerboard and corrugated medium that use corrugated boxes as their primary feedstock.¹¹ Additional capacity is being added, or is planned at other mills as well.

The Covid-19 pandemic changed the public's behavior. Schools and businesses were closed throughout the United States and Canada, eliminating a source of comparatively clean cardboard



⁶ "Post-consumer fiber bales increase in value," Resource Recycling, Sept. 24, 2020. <https://resource-recycling.com/recycling/2020/09/15/post-consumer-fiber-bales-increase-in-value/>

⁷ "Recycling paper prices stay low," Resource Recycling, January 14, 2020. <https://resource-recycling.com/recycling/2020/01/14/recycled-paper-prices-stay-low/>

⁸ "Why UBC prices are up 70% year-over-year," Resource Recycling, Sept 14, 2021. <https://resource-recycling.com/recycling/2021/09/14/why-ubc-prices-are-up-70-year-over-year/>

⁹ US EPA. Historical Recycled Commodity Values. July 2020. The "blended" value per ton of recovered recyclables is based on the weighted percent of outbound tons marketed by sixteen New England MRFs in the Calendar Year 2020. https://www.epa.gov/sites/default/files/2020-07/documents/historical_commodity_values_07-07-20_fnl_508.pdf

¹⁰ Northeast Recycling Council. Report on Blended MRF Commodity Values in the Northeast: Period Covering April 1 – June 30, 2021. <https://nerc.org/news-and-updates/nerc-bulletin/september-2021?showyear=2021#mrfreport>

¹¹ Northeast Recycling Council. Domestic Recycled Paper Capacity Increases, updated, May 14, 2021. <https://nerc.org/news-and-updates/nerc-bulletin/june-2021?showyear=2021#paper>

and other fiber. In addition, consumers increased e-commerce purchasing, resulting in an increase in residential generation of OCC. The combination of these factors increased demand for residential recyclables.

Recovered fiber exports increased significantly during the first six months of FY2021. There is a relatively new business model where recovered fiber is collected and pulped in the US and is then sent overseas.¹²

Major consumer brands established recycled content goals to increase plastic packaging recycling. For example, according to the Recycling Partnership, the “Bring Every Bottle Back” initiative by Coca Cola, Pepsi, and Keurig Dr. Pepper will capture an additional 80 million pounds of PET annually and will directly impact 23 million Americans.¹³ This effort is supported by The Closed Loop Fund and World Wildlife Fund. In the first year, investments were made in projects in Texas, Oklahoma, and Wisconsin that will help more than 349,000 households recycle nearly 38 million new pounds of PET.¹⁴

Conclusions

The current rise in recycling commodity prices is welcome news for municipal recycling managers who have had to respond to the dual challenges of China’s National Sword policy and the Covid-19 pandemic.

Current market demand and pricing is a reminder that municipal recycling programs play an integral role in supplying secondary materials to manufacturers for the production of goods and services.

The secondary materials marketplace has always exhibited wide fluctuations caused by changes in consumer demand and the ability of secondary materials suppliers to compete economically with primary (i.e., virgin) suppliers.

Sustainable funding for municipal recycling programs has been hindered by the misperception that recycling revenues will always be sufficient to cover program costs and that processing fees are not required.

Recycling program managers should recognize historical price fluctuations associated with secondary materials markets. Managers should build processing fees into their economic models to make municipal recycling programs more sustainable.

Recycling program managers should consider charging residential customers for curbside collection service on a monthly or quarterly basis to make municipal recycling programs more sustainable. Recycling is an essential public service, but it is not free.



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¹² Staub, C. “Scrap paper exports jump 21% in first half of year”, Resource Recycling, August 10, 2021. <https://resource-recycling.com/recycling/2021/08/10/scrap-paper-exports-jump-21-in-first-half-of-year/>.

¹³ “America’s Leading Beverage Companies Unite To Reduce New Plastic Use & Increase Collection Of Their Valuable Bottles Through “Every Bottle Back” Initiative,” Resource Recycling, October 29, 2019. <https://recyclingpartnership.org/everybottleback/>.

¹⁴ “American Beverage Association Marks First Year of Every Bottle Back Initiative”, BevNET.com, October 29, 2020. <https://www.bevnet.com/news/2020/american-beverage-association-marks-first-year-of-every-bottle-back-initiative/>.



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